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Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Joint Inspection Unit on the United Nations system common services at Geneva

Note by the Secretary-General

The Secretary-General has the honour to transmit for the consideration of the members of the General Assembly his comments, as well as those of the Administrative Committee on Coordination, on the report of the Joint Inspection Unit entitled "The United Nations system common services at Geneva, part II, Case studies (ICC, JMS, TES, DPS, JPS)" (JIU/REP/2000/5) (A/55/856).

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Comments of the Secretary-General on the report of the Joint Inspection Unit on the United Nations system common services at Geneva

I. Introduction

1. This is the second in a series of reports prepared by the Joint Inspection Unit on the common services of the United Nations system at Geneva. The stated purpose of the report is to provide a coherent framework for the creation and strengthening of a unified, comprehensive and centralized common services entity for United Nations organizations located at Geneva to enable them to rationalize their overhead structures and costs and to concentrate diminishing resources on their constitutional mandates.

2. As recommended in part I of the report, "Overview of administrative cooperation and coordination" (JIU/REP/98/4) (A/53/787), the objective of part II, "Case studies", is to identify key strengths and constraints of some existing services in order to derive lessons that can be applied to the expanded sharing of support services in accordance with the plan of action for Geneva common services, 2000-2010. The specific recommendations regarding each individual service reviewed are set out in part II.

II. Comments on the recommendations

Recommendation 1: International Computing Centre

(a) In view of the Centre's increasingly critical mission for IT services for the common system and to strengthen its linkages within that system, ACC should consider developing a closer association between ICC and ISCC, especially since members of ICC's management committee and those of ISCC are virtually the same IT managers; the two bodies could evolve into two subcommittees of a single ACC committee for information technologies and systems;

(b) In the interest of transparency and continuing service improvements, each representative on the ICC management committee should share with colleagues during committee sessions the reasons (service quality, efficiency, rates, etc.) why their respective organizations (where applicable) prefer not to use ICC services or prefer to source them either internally or commercially. Sharing of such information should become a regular agenda item for committee sessions and the reasons thus regularly provided and compiled should enable the Centre to adjust its operations as may be appropriate and desirable to earn the trust of its collective membership;

(c) The ICC management committee should commission independent technical auditors periodically to conduct comparisons of quality, efficiency and unit costs between the Centre's services and similar services provided internally by the ICC participating organizations;

(d) The management committee should establish a policy of staff exchanges and loans between the Centre and its member organizations in order, among other things, to relieve staff constraints at the Centre and strengthen synergies and communications between the Centre and the IT services of its member organizations;

(e) ICC member organizations should seriously consider the feasibility and long-term benefits of focusing increasingly on their strategic IT management functions while concomitantly strengthening the pooling within ICC of IT operational staff and functions as well as research for common solutions to new IT challenges;

(f) The ICC members who propose to reduce their recourse to its services or who have given notice of their intent to withdraw from the cooperative should review their decisions in the light of legislative directives on common services, including especially the latest United Nations General Assembly resolution 54/255 of 4 May 2000 which inter alia encouraged the Secretary-General and

ACC to take "concrete steps to enhance common services" and invited the legislative organs of the other organizations to take similar action.

3. Discussions have been taking place concerning the adoption of a statute for the International Computing Centre (ICC) that would provide a clear and definite mandate and delineate responsibilities and a governing mechanism. The recommendations made by the Inspectors will be taken into consideration by the participating organizations in the course of future discussions on this subject.

4. The more specific comments on the recommendations are as follows:

(a) As indicated in the report, the membership of the Information Systems Coordination Committee (ISCC) and the ICC Management Committee is almost identical. However, the agendas of the two bodies at this point are quite different. The ICC Management Committee agenda is necessarily focused on performance, budget, planning and resolution of issues within ICC. The agenda of the ISCC covers a wide range of information technology issues; centrally provided shared services is an important issue, but by no means the main focus. ICC is managed by a large number of ISCC participants. As a consequence, these organizations, when discussing strategies and policies, automatically take into account the activities that can best be performed by ICC. The focus of ISCC, which reports to the High-level Management Committee of the Administrative Committee on Coordination (ACC), includes standard-setting for technology, policy directions and sharing of knowledge, whereas the focus of ICC and its management body should remain on providing quality services at economical prices.

(b) Decisions about outsourcing to ICC depend upon the size, activities and strategic policy requirements of each organization. Not all activities can be outsourced. In addition, in view of the broad range of activities and requirements related to information and communication technology, it is unrealistic to expect ICC to be able to provide services in all areas. The current mechanisms by which organizations exchange views about their needs and future activities, both within the framework of ISCC and the ICC Management Committee, are in line with the operational needs of each organization and achieve the same purpose as that intended in the recommendation. It should be noted that information about current and planned activities is included on a regular basis in the agenda of the ICC Management Committee.

(c) Each organization performs these comparisons and determines whether it is in its own interest to outsource services to ICC or not, taking into account its own strategic and operational requirements. The implementation of such a recommendation would lead to a dramatic increase in resource requirements for ICC. In addition, the recommended process would lead to a repetition of assessments that are already being made by each organization and result in an unnecessary expenditure of additional time and resources.

(d) The human resources and recruitment policies of each organization are decided upon by the governing bodies of these organizations in response to specific needs and mandates. As stated in the International Civil Service Commission (ICSC) report on standards of conduct for the international civil service (ICSC/53/R.3), one of the core elements that bind together the United Nations family of organizations is the need to avoid any competition in the employment of staff that may result from fundamental differences in the compensation package. The outsourcing of functions to ICC and the recruitment actions on the part of ICC should not lead to competition or deprive participating organizations of valuable staff. Neither should it lead to organizations using ICC for "back door" recruitment of staff who would not otherwise be eligible for recruitment. On the other hand, in many instances the agencies themselves find it difficult to hire information technology staff with the required experience and knowledge of their agency or the United Nations system, and in such a tight labour market, ICC would be reluctant to actively encourage the loan of staff.

(e) The reform of ACC and the report of the Ad Hoc Inter-Agency Working Group on the Coordination of Information and Communication Technologies in the United Nations System are in line with this recommendation.

(f) Decisions on whether or not to participate in common services depend on many factors. There is a need to finalize the approval of a statute for ICC so that the mechanisms for participation and withdrawal, as well as decisions concerning new activities, are well defined. This would prevent difficulties with other

participating organizations and ensure oversight of ICC activities. It may be necessary to include penalty clauses that reflect the commercial cost to ICC (and hence its user base) of the loss of business in contracts with ICC for the provision of services. On the other hand, the ICC management must always be looking at ways of maintaining flexibility in its own purchasing, leasing and staffing arrangements to minimize the impact of loss of business and to be responsive to the fast changing requirements of user agencies.

Recommendation 2: Joint Medical Service

(a) The possibility should be considered of reorganizing the present JMS structure into four units together with more appropriate grading of the posts of physicians in the four units, as proposed in paragraph 43 [of document A/55/856];

(b) JMS needs a more structured management committee similar to that of ICC and including the chiefs of staff insurance schemes and staff representative bodies at Geneva, and necessary measures should be taken to enhance the independence of JMS in relation to the management of its member organizations, and ensure its full and effective oversight by the proposed management committee, with WHO providing only administrative support as may be agreed by the committee;

(c) The staff insurance policies and rules of JMS member organizations should be harmonized to ensure equality of treatment and entitlements for all staff members in keeping with the spirit and letter of the common system; subsequently, the organizations should aim to create, like the New York based organizations, a single staff insurance programme at the Geneva duty station in order to maximize the benefits of a larger risk pool, centralized IT applications and economies of scale;

(d) In the context of the decentralization process under way in the United Nations, UNOG should be enabled to have its own Advisory Board on Compensation Claims independent of United Nations Headquarters; the independent medical authority of JMS should be fully recognized;

(e) The Geneva United Nations system community should develop a bold and long-term vision for JMS as outlined in paragraphs 68-70 [of document A/55/856] in the light of increasing health-care costs to the organizations and staff, and in order to strengthen considerably JMS medical support for the field-based staff of its members. In so doing, lessons should be drawn from the WIPO Medical Unit, which in turn should reintegrate a reformed and strengthened JMS, particularly in light of the aforementioned United Nations General Assembly resolution 54/255 of 4 May 2000.

5. The Secretary-General appreciates the analyses in the report and is in agreement with the observations and recommendations made therein concerning:

(a) The creation of a management committee, on the understanding that its role would be to provide overall direction and that its reporting lines and composition remain to be clarified;

(b) The need for organizational independence;

(c) A stronger focus on the needs of the field staff;

(d) The suggested budgetary reforms.

However, the report appears to be grounded in the status quo and, owing to some inaccuracies, the validity of the suggested remedies is affected to some extent. There may also be some important oversights or some inadequacies in the basic assumptions underpinning certain analyses in the report.

6. For instance, the report fails to take into consideration the very important number of short-term staff members who are also being served by the Joint Medical Service (JMS). It attempts to compare the JMS situation in New York with that in Geneva, which is not appropriate, since the New York office has the advantage of being centrally located and serving a small number of agencies. In addition, the peacekeeping budget contributes significantly to the JMS regular budget.

7. Furthermore, the report fails to question the basic orientation of JMS, which no longer corresponds to the terms of the initial agreement of 1968. For example,

various dispensary services for active and retired staff members and delegates now represent an important part of JMS global activities, although they do not officially figure in its terms of reference. These services have become superior in numerical terms to the medical examination and are a major cause of the recent overload of the medical service.

8. A recent review of the needs of the World Health Organization (WHO) JMS by an expert team from the World Bank has concluded that JMS needs to evolve in the direction of an occupational health service with an important health-promotion component. The Joint Inspection Unit, by contrast, has reviewed JMS as an administrative support service. The option, mentioned in the report, of increasing its range of medical services is of a different nature and would require a more in-depth study; if the proposal were retained, a new structure specifically adapted to that end would have to be established, which would not be compatible with the proposal of the Joint Inspection Unit to restructure JMS into four units.

A duty-free drugstore or pharmacy on the JMS premises

9. The proposal to have a duty-free drugstore or pharmacy on the JMS premises is an interesting one that was in fact previously studied by the WHO Staff Health Insurance Unit. Apart from the considerable legal obstacles and problems of acceptance by the Association of Pharmacists, the savings associated with discounted medicines normally bought in Switzerland must be offset against the disadvantage of the staff buying in Switzerland medicine that is currently bought in France for as little as one third of the Swiss price. This is an especially valid consideration since most of the staff, whether they live in neighbouring France or not, customarily shop there.

JMS reorganization

10. The recommendation to consolidate the present JMS structure into four units is noted. However, it is regrettable that the Joint Inspection Unit has adopted this recommendation, which is manifestly based solely on the Joint Inspection Unit review of JMS at the United Nations Office at Geneva. Had there been a physical inspection of the different JMS premises outside the United Nations Office at Geneva, in particular the WHO JMS, and had there been a discussion with the responsible medical staff of each service, it would probably have been realized that the proposed reorganization would be very difficult to put into practice. Each agency has its own characteristics and places great importance on obtaining the appropriate medical services. It is noted that the location of JMS in the proposed common unit for the International Labour Organization (ILO), WHO and UNAIDS has not been specified. Furthermore, the proposal to group organizations based on proximity also runs counter to the review of JMS conducted by the World Bank team. A federal approach with shared activities such as health promotion was advocated, but with each organization possessing its own medical service tailored to its structure. Based on the above recommendation, WHO is now faced with conflicting external managerial advice.

11. The cost implications of the Joint Inspection Unit proposal to group certain laboratory and advanced health-care facilities for the Office of the United Nations High Commissioner for Refugees (UNHCR), the World Meteorological Organization (WMO) and the World Trade Organization (WTO) have not been spelled out either, and no thought has apparently been given to the resulting increase in the time that staff would spend in travelling to sister organizations for such exams, which would also represent another significant cost factor.

Alleviating the administrative burden on the service

12. The administrative burden on the services is closely linked to the application of different sets of rules and practices in effect at the different participating agencies. Unfortunately, there has been no objective periodic review of their continued utility. The problem originates with the state of the present informatics capabilities at the disposal of the service and the near-absence of a regular exchange of data by participating organizations. It is therefore suggested that any proposals for relief should not focus on JMS alone, but should also address the situation at the level of the participating agencies.

Harmonization of health insurance

13. The harmonization of health insurance rules is very difficult, particularly when dealing with organizations that are as widely divergent in their structures, orientation and outreach as are the Geneva-based agencies. The respective needs and arrangements

of the World Intellectual Property Organization (WIPO) or WTO, for instance, are very different from those of UNHCR. While the insured population of the United Nations Office at Geneva mainly lives in Switzerland and France, only 35 per cent of the active staff of WHO is located at WHO headquarters.

14. Any health insurance structure must take into consideration the health-care environment and health-care delivery system in which the various insurance funds operate. The WHO health insurance is a global fund and its various components (headquarters and regions) would not be sustainable as stand-alone elements. The current WHO insurance structure provides for regional differences through a two-tier contribution system and benefits adapted to regional differences in expenditures. This would obviously be far more difficult to maintain if agencies pooled their health insurance.

15. It is recognized that WHO, together with the United Nations, ILO and the International Telecommunication Union (ITU), has developed a common health insurance information system. This is of great help in achieving what is better done jointly — namely, negotiating special arrangements and contracts with various health-care providers — while enabling each organization to retain its autonomy and flexibility in shaping its individual health insurance rules to suit the organizational structure.

16. Another major obstacle in the way of full consolidation is the different ways in which the risk is insured (i.e. through self-insurance, as in WHO, or by third-party providers) and future financial liabilities have been managed and provided for in each agency. WHO has gone a long way towards funding the medium-to-long-term liabilities for future retired staff. This is not the case in most other organizations as yet. Consequently, it would not be acceptable that WHO funds be used to cover the liabilities of other health insurance funds.

Health insurance to pay for certain JMS services

17. While this idea undoubtedly has some merit, it could only be accepted if the services offered by JMS (e.g. radiology or laboratory services) were to be as cost-effective as elsewhere, which raises the issue of whether there are sufficient economies of scale.

Recommendation 3: Training and Examinations Section

(a) Staff training facilities and programmes should be reorganized at the Geneva duty station as set out in paragraph 78 [of document A/55/856];

(b) The mandate of TES should be revised to make it a fully-fledged common service for the Geneva International Community;

(c) Its service rates should also be reviewed to reflect real direct and indirect costs of service as a basis for cost-accounting and cost-sharing arrangements where applicable;

(d) The budget for TES should be consolidated, including the portion administered from Headquarters and IT resources overseen by the Technology Innovations Committee; however TES budget formats should clearly allocate resources to each of its different training programmes and there should be no cross-subsidization between the programmes following the rule applied by ICC.

18. Recommendation (a) focuses almost exclusively on the Training and Examinations Section* at the United Nations Office at Geneva. A more in-depth analysis of the training mandates, requirements and polices of all the Geneva-based organizations would be required before conclusions could be drawn as to the most appropriate arrangements for staff development in those entities. In its recommendation for distribution of training responsibilities among the various agencies and programmes, the report does not take into account the fact that the United Nations Office at Geneva (along with the United Nations Conference on Trade and Development (UNCTAD), Economic Commission for Europe (ECE) and Office of the United Nations High Commissioner for Human Rights (OHCHR)) is an integral part of the United Nations Secretariat, which is subject to the policies of the Secretary-General and is charged with implementing programmes on behalf of the Secretary-General. There is little indication that the

* The name has been changed to Staff Development and Learning Section.

mandates of the specialized agencies and their training needs have likewise been given due consideration.

19. In the United Nations Secretariat, investment in staff development and learning has been increased significantly in recent years to support the Secretary-General's human resources management reform agenda. In accordance with the United Nations overall training policy and General Assembly mandates, a large-scale effort is under way to implement programmes to promote shared values and organizational standards, create a common culture and build organizational care and managerial competencies identified through a participatory process conducted across the entire Secretariat. The Staff Development and Learning Section of the United Nations Office at Geneva plays an important role in implementing centrally coordinated programmes for all staff in the Geneva-based Secretariat organizations (the United Nations Office at Geneva, UNCTAD, ECE and OHCHR) as well as in organizing complementary programmes.

20. It is clear that there may be areas where greater collaboration and cooperation between the Geneva-based agencies would be useful. The case of the Secretariat providing language training for the New York-based organizations, and the United Nations Office at Geneva for many of the Geneva-based organizations, is a good example, while bearing in mind that in Geneva many of the organizations have independent mandates. Other forms of training may require a more organization-specific approach to address the needs of individual organizations.

21. Based on these considerations, it would be premature to discuss mandates or budgeting in the absence of a comprehensive review of the situation in Geneva and the requirements of all organizations, including the United Nations.

Recommendation 4: Diplomatic Pouch Service

The measures proposed in paragraphs 107-109 [of document A/55/856] for modernizing the Diplomatic Pouch Service should be considered by the Secretary-General.

22. The Secretary General takes note of the recommendation.

Recommendation 5: Joint Purchase Service

In reviewing JPS, the Management Board should:

(a) Draw lessons and implications from procurement reforms already implemented or under way at United Nations Headquarters and seriously consider apportioning to JPS members centralized procurement responsibilities by product lines;

(b) Review the present staffing and structure of its secretariat in order to further strengthen its substantive and administrative role in discharging a strengthened JPS mandate or otherwise review its functions in the light of (a) above;

(c) Ensure that the budget of its secretariat and activities reflects real and all costs to facilitate transparent cost-accounting and cost-allocation processes;

(d) Establish annually combined purchase value objectives or targets for JPS, including especially annual quotas of IT items and contractual services to be processed through JPS, to ensure that the usefulness of the service can be quantified and verified to exceed its real costs to member organizations;

(e) Additionally, UNOG, as host to JPS, should henceforth highlight the JPS secretariat as well as other similar common services as district inter-agency entities in its organizational charts in order to promote their visibility and importance as common system integrators.

23. It is correctly stated that JPS is not mentioned per se in the United Nations proposed programme budget. However, it should be noted that the G-4 post allocated to the secretariat of JPS, is not financed from regular budget funds but rather from shared extrabudgetary sources.

24. The reduction of the work-months dedicated to serving JPS, which is termed "arbitrary" in the report, was based on a quantitative analysis conducted by the JPS secretariat. This reduction resulted mainly from the introduction of a biennial bidding cycle, which replaced the annual bidding practice. The reduction was the subject of intensive discussions in the

Management Board, the details of which were provided to the Joint Inspection Unit.

25. The current role of the JPS secretariat is reflected in the relatively modest budget and staff allocation. Article 17 of the statute defines the JPS secretariat as the body that implements the instructions of the Management Board. Should the Management Board wish to extend the role of the secretariat, resources would indeed have to be increased.

26. It would be appropriate to note that within the framework of the Secretary-General's common services initiative, the United Nations Office at Geneva, through the JPS secretariat and, in consultation with the other stakeholders, has initiated a complete overhaul of JPS.

Recommendation 6: UNOG Divisions of Administration and Conference Services

Both part I and part II of this report suggest the enhanced central role that UNOG should play in promoting and facilitating increased administrative cooperation and coordination at the Geneva duty station, especially in the implementation of United Nations General Assembly resolution 54/255 of 4 May 2000. Accordingly, the Secretary-General should consider changing the names of the UNOG Divisions of Administration and Conference Services respectively to: (a) Division of Common Administrative Services and (b) Division of Common Conference Services, in order better to underline, firstly, their potential for wider inter-organization coverage and, secondly, the need for deep efficiency improvements in the Divisions concerned to make the recommended expansion of coverage feasible, beneficial and attractive to Geneva-based organizations.

27. The Secretary-General takes note of the issues at the core of the recommendation. As a general comment, however, it may be important to reiterate that an expansion of common services may be difficult to reconcile with the policy of further decentralization in the context of management reform. Nevertheless, some steps have been taken to underline the capacity of the United Nations Office at Geneva to take the lead in the area of common services, in particular through the establishment of the Management Ownership Committee and the implementation of separate memoranda of understanding between the United Nations Office at Geneva and all the entities it services.